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MARKET STUDY

AGRICULTURE AND LIVESTOCK SECTOR

PANAMA

AUGUST 1991

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THE COUNTRY

Panama, a country of just over 2.3 million people, has an open investment policy which attracts substantial foreign investment induced in part by laws which provide for national treatment of foreign investments, an important international banking centre, the USA dollar as the common legal tender, a good port system, and a service economy in general which offers free commerce and preferred exchange treaties with the rest of Latin America. Nevertheless the tariff structure in Panama is one of the highest in Central America favouring imports of highly manufactured goods and protecting the few domestic manufacturers of relatively low tech products and the small agricultural sector.

The local currency, the Balboa, is at par with the American Dollar which is the common legal tender throughout Panama. Banks usually use the LIBOR as the reference rate for loan and deposit transactions. There are over 100 banks from 31 different countries registered in Panama and indeed the financial services sector is the most important local industry.

The main cities are Panama City which is the capital and the centre of banking and economic activity, Colon which is at the other end of the canal and the second largest freeport in the world, and David in the north which is the agricultural capital of the country. The country has an adequate infrastructure built on the American model but underdeveloped in many respects. The recent invasion by USA troops installed the first truly democratic government in Panamanian history in early 1990 and the country is still struggling with the democratic institutionalization that was inevitable after so many years of military rule.

The country struggles under a heavy foreign debt burden and as a result the government currently plays a minor role in the economy which is driven by an open private sector. The government is under increasing pressure from the international financial community to liberalise the economy, reduce tariffs and abolish the remaining quotas. It is expected that these barriers will gradually come down over the next 2-4 years opening up new opportunities for Canadian exporters.

Panama has two main ports: Cristobal at the Atlantic end of the Panama Canal and Balboa at the Pacific end. In the northwest the port of Armuelles serves David and the surrounding area. Senator Linie, Nedlloyd, Lykes Lines and Barber Blue Sea are shipping lines in Panama that connect with Canadian and USA ports.

The Panamanian communications system is well developed with satellite access to the world with direct dialing. A good road system is available between the major cities and there is a fair rail system linking the ports at either end of the Canal.

THE MARKET

The Panamanian market is relatively rich by Latin American standards, designed to attract service industries of which the banking industry is the largest. The country has a high tariff structure designed to encourage imports of highly manufactured goods but protect the rather limited and low tech manufacturing and agriculture production which exists.

The agriculture sector contributed approximately 11 percent to Panama's GNP in 1990. This was composed primarily of bananas, the major export, beef and sugar. The grains sector and the meat sectors showed positive growth in the recent past as did the dairy sector however their contribution to GNP is relatively small by comparison.

Beef

Per capita consumption of beef in Panama is 22.1 Kg. Beef production is the second most important agriculture activity in Panama and has grown at an average annual rate of 4.2% over the last ten years. The cattle population is 1.4 million. In 1990 the sector marked a 7% growth over 1989. Imports of beef products have been gradually decreasing and are not important overall. Some imported specialty cured and canned products however represent a significant portion of consumption. Local prices have been very low over recent years encouraging the decrease in imports. Imported meat products are handled through importer distributors who are for the most part the big retailers as well. Imports range around 75,000 kgs. per year.

Swine

About 220,000 swine produced 21.2 million kgs. of pork meat in Panama in 1990. Per capita consumption was 8.7 kg. and has been growing quite rapidly in recent years. Pork imports include some specialty products such as feet and tails as well as some Christmas hams however as local production increases the import market has decreased. Imports of pork products are in the 2.5-3.5 million kg. range annually. Imports of breeding swine have been quite strong in recent years as local producers increase their efficiency. In 1990, 151 animals were imported, almost all from Canada.

Dairy Products

Per capita consumption of dairy products in Panama is 35.8 Kg for a total local production of 106.3 million litres from some 23 processing plants and including 3.1 million litres of imports of dry milk and by products. Much of the local production comes from dual purpose animals however the predominant dairy breeds are Holstein and Brown Swiss. Imports have been decreasing while domestic production has increased substantially over the past few years. Imports are in the 3-4 million kg. area annually.

Genetic Material for Livestock

Imports of breeding stock for herd upgrading is still important to the industry and the main supplier has been the USA.
No official programs for livestock improvement exist in Panama and much of the genetic improvement is still carried out through natural selection and service. The artificial insemination that exists is carried out by private entrepreneur/owners and encouraged by the livestock associations. Up until 1986 there was virtually no artificial insemination in the swine industry.
Embryo transplants are effectively unknown. There are three companies involved in semen importation representing A.I. companies and breeders from USA. Some breeders import on their own account direct from suppliers.

Seed Potatoes

Panama had about 1,125 ha. of land in potatoes in 1990, almost 20% more than in 1983. While seed imports have decreased in recent years due to the replanting of table stock the tendency from now will be to import more. This is due to the fact that working capital financiers are demanding certified seed be used by growers they back. Varieties used commonly are AMIGO, GRANOLA and ESCORT. Holland and Germany are the main suppliers of seed. Although Canada did begin to develop the market some years ago the effort has been limited in recent years. Annual imports in 1990 were 10,036 bags of 50kg.

Forage Seeds

There is an official program of pasture improvement in Panama run by the Department of Agriculture and significant testing is underway on varieties particularly from Colombia. This testing will open the market for new varieties as cattlemen understand the improvements that they can expect. Imports were about 7000 kg of seed over the past four years.

COMMERCIAL PRACTICES

Import quotas and sanitary requirements are regulated by the Ministry of Agriculture and Livestock Development and Agriculture and by the Livestock Marketing Institute and are strictly enforced. Import licenses are required for virtually all agricultural products although this system is due to change soon to a single ad valorem rate roughly equivalent to the current 40% on most products and an eventual abandonment of the quota systems.

The only effective way to sell into the Panama market is through the services of a local agent or distributor. Even though the number of clients may be small it is most difficult to maintain contact with them at long distance and the import regulations are complicated so that a local firm acting on the exporters behalf is essential.

MANUFACTURERS PROFILE

Meat Processing

SWIFT AND COMPANY
SR. ELIGIO HERNANDEZ, MANAGER
Calle J, Urb. Industrial, Los Angeles
Apdo. 9055. Panama 6, Panama
tel. 36-2711/36-2702
fax. 36-1902/36-3917

Has international patent to process and distribute beef and pork products under the Swift trade mark. Capacity is 4.4 million pounds. They employ 94 people.

KIENER S.A.
SR. PAUL KIENER, PRESIDENT
via Bolivar y Ave. 12 de Octobre
Apdo. 8-152, Panama 8, Panama
tel. 60-2162/60-4106/60-9555
fax. 61-9021

National company manufacturing ham and sausage under the Kiener name. Products are distributed by the Paul company with the same ownership. Capacity is 9.1 million pounds and they employ 118.

BLUE RIBBON PRODUCTS S.A.
SR. JORGE COSTARANGO, MANAGER
Via Tocumaen, Panama
Apdo. 6-4545, Panama 6A, Panama
Tel. 66-9433/66-9611
fax. 20-4076

Manufacturer of meat products distributed through local supermarkets. Capacity 7.5 million pounds and they employ 69.

EMBUTIDOS Y CONSERVAS DE POLLO S.A.
SR. JOSE MARTIN GONZALEZ, MANAGER
Via Fernandez de Cordoba, Panama
Apdo. 33, Panama 1, Panama
tel. 61-7842/61-4850
fax. 61-1257

National company part of Melo Group. Process chicken meat, hams and sausages under MELO trade mark and distribute through local supermarkets. Capacity of 1.2 million pounds and they employ 55.

BERARD S.A.
SR. ERNESTO BERARD, PRESIDENT
Via Fernandez de cordoba, Panama
Nueva California, Volcan, Chiriqui
Apdo. 343, Volcan, Chiriqui, Panama
Tel. 29-1492 Panama / 71-4491 Volcan

Family company manufacturing beef and pork products under BERARD trade mark. Capacity is 2.1 million pounds.

Dairy Plants

INDUSTRIAS LACTEAS S.A.
SR. JOSE RODOLFO CHIARI, PRESIDENT
Via transistmica, Panama
Apdo. 4362, Panama 5, Panama
tel. 29-1122/29-2635/29-2680
Fax. 61-6883

Largest dairy company in Panama with full range of products including ice cream, yogurt and cheese. Capacity is 38.9 million liters employing 250.

BONLAC S.A.
SR. ALVARO HERNANDEZ, MANAGER
Calle Juan B. Sosa No. 11C-79, Panama
Apdo. 3128, Panama 3, Panama
Tel. 28-0693
Fax. 28-5023

Highest quality producer in Panama with capacity of 1.3 million liters and employing 28.

LECHERIAS UNIDAS S.A.
SR. JOSE ANGEL BRENES, PRESIDENT
SRA. GIOVANI DE LEAON, MANAGER
Carr. Interamericana, David, Chiriqui
Apdo. 79, David, Chiriqui, Panama
Tel. 75-2962

Full product range manufacturer with capacity of 3.7 million liters.

NESTLE DE PANAMA S.A.
SR. LUIS CABARCOS, PRESIDENT
Calle 69 Oeste No. 74-D Urb. La Loma
Apdo. 368 Panama 9A, Panama
Tel. 29-13333/20-5557/66-7171
Fax. 29-1982

Manufacture evaporated and condensed milk in cans and tetrapack under the Nestle brand name.

CHIRICANA DE LECHE S.A.
SR. ORIOSTO A. ESPINO, MANAGER
Calle 3 Oeste, david, Chiriqui
Via Transistmica y calle 17, Panama
Apdo. 446, Panama 9A, Panama
Tel. 29-3000 Panama/70-6241 David
Fax. 61-8103 Panama/70-6243 David

Manufacture powdered milk under the Borden (USA) brand names. Capacity is 4.7 million kg and they employ over 100 people.

HELADOS BORDEN S.A.
SR. MOGENS HANSEN, MANAGER
Via Tocumen y Juan Diaz, Panama
Apdo. 1769, Panama 1, Panama
tel. 66-7034/66-9727/66-9888
Fax. 29-3103

Manufacture ice cream, yogurt and cheese under the Borden(USA) trade mark. Doing about 300,000 gallons.

MANUFACTURERS REPRESENTATIVES, AGENTS AND DISTRIBUTORS

EMPRESAS TAGAROPULOS S.A.
SR. ALEXANDER PSYCHOYOS, PRESIDENT
Via Ricardo J. Alfaro, Panama
Colon Free Zone, Colon
Apdo. 6-4000, Panama 6A, Panama
Apdo. 277 Colon Free Zone, Panama
Tel. 36-4444/63-6666 Panama/41-4728 Colon

Major importer and distributor primarily through their chain of supermarkets called REY operating in Panama and Colon.

DISTRIBUIDORA GAGO S.A.
SR. LAZARO GAGO S., MANAGER
Via Simon Bolivar, Panama
Apdo. 9090, Panama 6, Panama
Tel 29-2524/29-2911
fax. 29-2160

Major importer and distributor of food products distributed through their supermarket chain called GAGO with 8 stores in Panama.

CIA. INTERNACIONAL DE VENTAS S.A.
SR. MOGENS HANSEN, MANAGER
Via Transistmica Calle 117, Panama
Apdo. 1130 Panama 1, Panama
Tel. 29-3000
Fax. 29-3103

Major importers and distributors of Borden (US) brand products.

IMPORTADORA RICAMAR S.A.
SR. RICARDO MARTINELLI, PRESIDENT
Calle 16 rio Abajo, Panama
Apdo. H, Panama 4, Panama
Tel. 21-2022/21-2305
Fax. 21-1749/29-1198

Import and distribute food products of all sorts primarily distributed through their supermarket chain called 99 with 10 stores in Panama, Colon and Santiago.

MERCADO PAUL
SR. PAUL KIENER, PRESIDENT
Ave. 12 de Octobre y Via Bolivar, Panama
Apdo. 8-152, Panama 8, Panama
Tel. 61-4002
Fax. 61-9021

Represent and distribute meat products from Kiener through their meat markets called Market Paul.

MACHETAZO MAYORISTA S.A.
SR. JUAN RAMON PAUL, PRESIDENT
Ave 7a. Central No. 168, Panama
Apdo. 2587, Panama 3, Panama
Tel. 27-0505/27-3869

Import and distribute food products primarily for their chain called El Machetazo with four establishments in Panama and Chitre.

FRIGORIFICO MANGAFOR S.A.
SR. FORTUNATO MANGRAVITA, PRESIDENT
Via Porras y Calle 85, Panama.
Apdo. 6625 Panama 5, Panama
Tel.26-3116/26-3127
Fax.

Importer and distributor of general food products and owners of the Casa De Carne supermarket with 4 stores in Panama City.

H. TZANETATOS INC.
SR. HARALAMBOS TZANETATOS, PRESIDENT
Via Tocumen, Panama
Apdo. 6625 Panama 5, Panama
Tel. 20-1977/20-2982/20-1155
Fax. 20-5122/20-5639

General importers and distributors of food products.

GENETICA SUPERIOR S.A.
SR. CARLOS FRANCESHL, MANAGER
David, Chiriqui
Apdo. 690 David, Chiriqui
Tel. 75-7512
Fax. 75-8945

Importers of cattle semen and represent the company Tri-State (USA).

INSEMINACION S.A.
Ave. Justo Arosemena, 26-42 Panama
Apdo. 4375, Panama 5, Panama
Tel. 25-0794

Importers of animal semen and represent American Breeders Service (ABS) from USA.

COOPERATIVA DE PRODUCTORES DE LECHE R.L.
SR. CARLOS CASTILLO, MANAGER
Via Interamericana, Concepcion, Chiriqui
Apdo. Bugaba, Chiriqui, Panama
Tel. 70-6374/70-6360
Fax. 70-5968

Importers of animal semen.

FERTILIZANTES DE PANAMA S.A. (FERTIPAN)
SR. ARISTIDES ROMERO, PRESIDENTE
Calle Aristides Romero, David, Chiriqui
Apdo. U, Panama 4, Panama
Tel. 21-1916/21-0429 Panama/75-2256 David
Fax. 24-7255

Importers and distributors of potato seeds form Wolf and Wolf and Agrico NL.

COOPERATIVA AGRICOLA E INDUSTRIAL R. L.
SR. EDUARDO TRIBALDOS, MANAGER
Boquete, Chiriqui, Panama
Apdo. 4-004 Boquete, Chiriqui, Panama
Tel. 70-1251/70-1111
Fax. 70-1772

Importers and distributors of potato seeds from Wolf and Wolf NL, Hettema Zone from Holland and Saka from Germany.

A copy of the detailed report containing statistics and more in depth market data is available for review at either the Canadian Embassy Commercial Section in San Jose, Costa Rica or the Latin America Trade Desk of the Department of External Affairs and International Trade in Ottawa.